



For Immediate Release
Tuesday, November 18, 2008

Susan Irby (202) 224-8078
Will Hart (208) 342-7985

CRAIG SAYS HE'LL OPPOSE AUTO INDUSTRY AID WITHOUT RESTRUCTURING PLAN SHOWING VIABILITY

WASHINGTON, D.C. – Idaho Senator Larry Craig today said he will oppose sending billions of dollars to the auto industry unless it's willing to produce a clear restructuring plan that demonstrates its future viability in U.S. and world markets.

Emerging from a meeting of Senate Republicans with Treasury Secretary Hank Paulson, the Administration's point man on the nation's economic rescue plan, Senator Craig, referring to the industry's decades of mismanagement, said, "There is no reason why we should ask the taxpayers to put good money after bad. The auto industry right now is draining its cash with no alternative in mind. It has become obvious that their labor costs and their health care costs to labor are as much as four times higher than Honda or Toyota. And if there isn't a significant renegotiation in their labor contracts and business plans, then we shouldn't be in the business of bailing out these companies using taxpayers' money."

Senator Craig said that even with a major restructuring of the auto industry, "We should not be in the business of bailing; we should be in the business of loaning, much like we did to Chrysler in the 1980s, after that company, with Lee Iococca at the helm, went through a significant restructure."

"While I appreciate the impact that the bankruptcy of a major U.S. auto manufacturer would have on a recessionary economy, it is still important that a significant restructuring be part of it," said Senator Craig, defining restructuring as a realignment of labor and management agreements or a merger.

The Senate is expected to begin debate on Wednesday on a plan to carve out a \$25 billion emergency loan program for the Big Three automakers – General Motors, Ford and Chrysler – from the \$700 billion economic rescue package enacted in October,

In place of that proposal, Senator Craig said he favors a plan by Senators Kit Bond of Missouri and George Voinovich of Ohio to allow automakers to immediately access as a bridge loan, a \$25 billion loan passed by Congress last year to help automakers retool for the production of fuel-efficient cars. The Bond/Voinovich bill would drop the restrictions that the loan be used only for retooling, but would add requirements on the auto industry to prove long-term viability, health, competitiveness and profitability. It would ensure that taxpayers share in the auto industry's equity and turnaround profits.